

## Senate File 260 - Introduced

SENATE FILE 260

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### A BILL FOR

1 An Act relating to the corporate income tax rates imposed  
2 on corporations and including retroactive applicability  
3 provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.33, subsection 1, Code 2013, is  
2 amended by striking the subsection and inserting in lieu  
3 thereof the following:

4 1. a. A tax is imposed annually upon each corporation doing  
5 business in this state, or deriving income from sources within  
6 this state, at the rate of six percent of the taxable income  
7 received by the corporation during the income year.

8 b. For purposes of this section:

9 (1) "*Income from sources within this state*" means income  
10 from real, tangible, or intangible property located or having  
11 a situs in this state.

12 (2) "*Taxable income*" means the net income as calculated in  
13 section 422.35 and determined to be reasonably attributable to  
14 Iowa pursuant to subsections 2 and 3.

15 Sec. 2. Section 422.33, subsection 1A, Code 2013, is amended  
16 to read as follows:

17 1A. There is imposed upon each corporation exempt from  
18 the general business tax on corporations by section 422.34,  
19 subsection 2, a tax at the ~~rates~~ rate specified in subsection 1  
20 upon the state's apportioned share computed in accordance with  
21 subsections 2 and 3 of the unrelated business income computed  
22 in accordance with the Internal Revenue Code and with the  
23 adjustments set forth in section 422.35.

24 Sec. 3. Section 422.33, subsection 4, unnumbered paragraph  
25 1, Code 2013, is amended to read as follows:

26 In addition to all taxes imposed under this division,  
27 there is imposed upon each corporation doing business within  
28 the state the greater of the tax determined in subsection 1,  
29 ~~paragraphs "a" through "d"~~ or the state alternative minimum tax  
30 equal to sixty percent of the maximum state corporate income  
31 tax rate, rounded to the nearest one-tenth of one percent, of  
32 the state alternative minimum taxable income of the taxpayer  
33 computed under this subsection.

34 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies  
35 retroactively to January 1, 2013, for tax years beginning on

1 or after that date.

2 EXPLANATION

3 This bill relates to the tax rates applied to corporations.

4 Currently, the corporate income tax is imposed in a  
5 progressive manner using four income brackets with increasing  
6 rates: on the first \$25,000 of income, the rate is 6 percent;  
7 on income between \$25,000 and \$100,000, the rate is 8 percent;  
8 on income between \$100,000 and \$250,000, the rate is 10  
9 percent; on income of \$250,000 or more, the rate is 12 percent.  
10 The bill eliminates this tiered bracket and rate structure and  
11 imposes the tax at the rate of 6 percent on the corporation's  
12 taxable income.

13 The bill applies retroactively to tax years beginning on or  
14 after January 1, 2013.